

**FORM 10-Q**

**SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**QUARTERLY REPORT UNDER SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934**

For Quarter Ended February 28, 2003

Commission File Number 2-85538

CCA INDUSTRIES, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware  
(State or other jurisdiction of  
Incorporation or organization)

04-2795439  
(I.R.S. Employer  
Identification Number)

200 Murray Hill Parkway  
East Rutherford, NJ  
(Address of principal executive offices)

07073  
(Zip Code)

(201) 330-1400

Registrant's telephone number, including area code

Not applicable  
Former name, former address and former fiscal year, if changed  
since  
last report.

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

**APPLICABLE ONLY TO CORPORATE ISSUERS**

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date.

2003      Common Stock, \$.01 Par Value - \$6,440,523 shares of as February 28,

Class A Common Stock, \$.01 Par Value - \$973,230 shares as of  
February 28, 2003

## CCA INDUSTRIES, INC. AND SUBSIDIARIES

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**CCA INDUSTRIES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

A S S E T S

November 30,  <u>2002</u>	February 28,  <u>2003</u>
<b>Current Assets</b>	
Cash and cash equivalents	\$ 949,601
\$ 1,585,647	
Short-term investments and marketable securities	3,228,349
3,479,544	
Accounts receivable, net of allowances of \$1,286,169 and \$1,222,408, respectively	7,789,367
6,265,955	
Inventories	5,177,413
3,743,131	
Prepaid expenses and sundry receivables	607,394
363,457	
Deferred income taxes	1,313,675
1,287,568	
Prepaid income taxes and refunds due	1,703
1,703	
Deferred advertising	<u>1,075,178</u>
=	
<b>Total Current Assets</b>	<b>20,142,680</b>
16,727,005	
<b>Property and Equipment, net of accumulated depreciation and amortization</b>	<u>764,192</u>
<u>720,739</u>	
<b>Intangible Assets, net of accumulated amortization</b>	<u>566,074</u>
<u>577,414</u>	
<b>Other Assets</b>	
Marketable securities	7,288,534

6,723,518	
Deferred income taxes	2,062
-	
Other	<u>56,863</u>
<u>56,388</u>	
Total Other Assets	<u>7,347,459</u>
<u>6,779,906</u>	
Total Assets	<u>\$28,820,405</u>
<u>\$24,805,064</u>	

See Notes Consolidated to Financial Statements.

**CCA INDUSTRIES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

LIABILITIES AND SHAREHOLDERS' EQUITY

November 30, <u>2002</u>	February 28, <u>2003</u>
Current Liabilities	
Accounts payable and accrued liabilities	\$ 8,701,983
\$ 5,284,109	
Income taxes payable	<u>93,849</u>
<u>178,690</u>	
Total Current Liabilities	<u>8,795,832</u>
<u>5,462,799</u>	
Subordinated Debentures	<u>497,656</u>
<u>501,656</u>	
Deferred Income Taxes	<u>-</u>
<u>5,186</u>	
Shareholders' Equity	
Preferred stock, \$1.00 par; authorized 20,000,000 shares; none issued	
Common stock, \$.01 par; authorized 15,000,000 shares; 6,440,523 shares issued and outstanding	64,405
64,405	
Class A common stock, \$.01 par; authorized 5,000,000 shares; 973,230 shares issued and outstanding	9,732
9,732	
Additional paid-in capital	3,832,796
3,832,796	
Retained earnings	15,963,041
15,389,415	
Unrealized gains (losses) on marketable securities	<u>15,649</u>

( <u>107,990</u> )	19,885,623
19,188,358	
Less: Treasury Stock (274,055 shares at February 28, 2003 and 271,155 shares at November 30, 2002, respectively)	<u>358,706</u>
<u>352,935</u>	
Total Shareholders' Equity	<u>19,526,917</u>
<u>18,835,423</u>	
Total Liabilities and Shareholders' Equity	<u>\$28,820,405</u>
<u>\$24,805,064</u>	

See Notes to Consolidated Financial Statements.

**CCA INDUSTRIES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(UNAUDITED)**

Three Months Ended

February 28,	<u>2003</u>
<u>2002</u>	
<b>Revenues</b>	
Sales of health and beauty aid products - Net	\$12,362,785
\$10,158,386	
Other income	<u>152,397</u>
<u>88,808</u>	
	<u>12,515,182</u>
<u>10,247,194</u>	
<b>Costs and Expenses</b>	
Costs of sales	4,446,827
3,764,904	
Selling, general and administrative expenses	4,109,805
3,736,324	
Advertising, cooperative and promotions	2,722,570
2,263,526	
Research and development	229,696
89,802	
Provision for doubtful accounts	37,589
( 104,360)	
Interest expense	<u>8,363</u>
<u>8,915</u>	
	<u>11,554,850</u>
<u>9,759,111</u>	
Income before Provision for Income Taxes	960,332
488,083	
Provision for Income Taxes	<u>386,706</u>

188,020

Net Income  
\$ 300,063

\$ 573,626

Earnings per Share:

Basic

\$.08

\$.04

Diluted

\$.08

\$.04

See Notes to Consolidated Financial Statements.

**CCA INDUSTRIES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**(UNAUDITED)**

Three Months Ended

February 28,	<u>2003</u>
<u>2002</u>	
Net Income	<u>\$573,626</u>
<u>\$300,063</u>	
Other Comprehensive Income	
Unrealized holding gains (loss)	
on investments	123,639
( 12,015)	
Provision (Benefit) for Taxes	<u>49,787</u>
( <u>4,628</u> )	
Other Comprehensive (Loss) Income	
- Net	<u>73,852</u>
( <u>7,387</u> )	
Comprehensive Income	<u>\$647,478</u>
<u>\$292,676</u>	
Earnings Per Share:	
Basic	<u>\$ .09</u>
<u>\$ .04</u>	
Diluted	<u>\$ .09</u>
<u>\$ .04</u>	

See Notes to Consolidated Financial Statements.



**CCA INDUSTRIES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**(UNAUDITED)**

Three Months Ended

February 28,

2003

2002

Cash Flows from Operating Activities:

Net income	\$ 573,626
\$ 300,063	
Adjustments to reconcile net income to net cash provided by (used in) operating activities:	
Depreciation and amortization	92,491
93,946	
(Gain) on sale of marketable securities and repurchase of debentures	( 5,220)
( 1,025)	
(Increase) decrease in deferred income taxes	( 33,355)
64,456	
(Increase) in accounts receivable	( 1,523,412)
( 1,192,871)	
(Increase) in inventory	( 1,434,282)
( 72,089)	
(Increase) in prepaid expenses and miscellaneous receivables	( 243,937)
( 89,445)	
(Increase) in deferred advertising	( 1,075,178)
( 777,096)	
(Increase) in other assets	( 476)
-	
Increase in accounts payable and accrued liabilities	3,417,875
1,721,127	
(Increase) in prepaid income taxes	-
( 103,670)	
(Decrease) in taxes payable	( 84,841)
( 9,366)	

	Net Cash (Used in) Operating Activities		
(	<u>316,709</u> )	(	<u>65,970</u> )
Cash Flows from Investing Activities:			
Acquisition of property, plant and equipment	(	123,943)	
(	48,258)		
Acquisition of intangible assets	(	661)	
(	2,285)		
Proceeds of money due from officers		-	
607			
Purchase of marketable securities	(	1,530,182)	
(	227,573)		
Proceeds from sale and maturity of investments		<u>1,341,220</u>	
		<u>53,067</u>	
Net Cash (Used in) Investing Activities	(	<u>313,566</u> )	
(	<u>224,442</u> )		
Cash Flows from Financing Activities:			
Purchase of treasury stock	(	<u>5,771</u> )	
=			
Net (Decrease) in Cash	(	636,046)	
(	290,412)		
Cash and Cash Equivalents at Beginning of Period		<u>1,585,647</u>	
		<u>2,555,938</u>	
Cash and Cash Equivalents at End of Period		<u>\$ 949,601</u>	
		<u>\$2,265,526</u>	
Supplemental Disclosures of Cash Flow Information:			
Cash paid during the period for:			
Interest		\$	15,928
\$	16,575		
Income taxes			491,887
	324,770		

See Notes to Consolidated Financial Statements.



**CCA INDUSTRIES, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED)**

NOTE 1 - BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three month period ended February 28, 2003 are not necessarily indicative of the results that may be expected for the year ended November 30, 2003. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended November 30, 2002.

NOTE 2 - ORGANIZATION AND DESCRIPTION OF BUSINESS

CCA Industries, Inc. ("CCA") was incorporated in the State of Delaware on March 25, 1983.

CCA manufactures and distributes health and beauty aid products.

CCA has several wholly-owned subsidiaries [CCA Cosmetics, Inc., CCA Labs, Inc., Berdell, Inc., Nutra Care Corporation, CCA Online Industries, Inc., and CCA Industries Canada (2003) Inc. (incorporated February 25, 2003)], all of which are currently inactive.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation:

The consolidated financial statements include the accounts of CCA and its wholly-owned subsidiaries (collectively the "Company").



**CCA INDUSTRIES, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED)**

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates:

The consolidated financial statements include the use of estimates, which management believes are reasonable. The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Short-Term Investments and Marketable Securities:

Short-term investments and marketable securities consist of corporate and government bonds and equity securities. The Company has classified its investments as Available-for-Sale securities. Accordingly, such investments are reported at fair market value, with the resultant unrealized gains and losses reported as a separate component of shareholders' equity.

Statements of Cash Flows Disclosure:

For purposes of the statement of cash flows, the Company considers all highly liquid instruments purchased with an original maturity of less than three months to be cash equivalents.

Inventories:

Inventories are stated at the lower of cost (first-in, first-out) or market.

Product returns are recorded in inventory when they are received at the lower of their original cost or market, as appropriate. Obsolete inventory is written off and its value is removed from inventory at the time its obsolescence is determined.



**CCA INDUSTRIES, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED)**

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment and Depreciation and Amortization

Property and equipment are stated at cost. The Company charges to expense repairs and maintenance items, while major improvements and betterments are capitalized. When the Company sells or otherwise disposes of property and equipment items, the cost and related accumulated depreciation are removed from the respective accounts and any gain or loss is included in earnings.

Depreciation and amortization are provided on the straight-line method over the following estimated useful lives or lease terms of the assets:

Machinery and equipment	5-7 Years
Furniture and fixtures	3-10 Years
Tools, dies and masters	3 Years
Transportation equipment	5 Years
Leasehold improvements	4-10 Years or life of lease, whichever is shorter

Intangible Assets:

Intangible assets are stated at cost. Patents and trademarks are amortized on the straight-line method over a period of 17 years.

Financial Instruments:

The carrying value of assets and liabilities considered financial instruments approximate their respective fair value.

Income Taxes:

Income tax expense includes federal and state taxes currently payable and deferred taxes arising from temporary differences between income for financial reporting and income tax purposes.

Tax Credits:

Tax credits, when present, are accounted for using the flow-through method as a

reduction of income taxes in the years utilized.

**CCA INDUSTRIES, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED)**

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Earnings Per Common Share:

The Company adopted Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings Per Share" in 1998. Basic earnings per share is calculated using the average number of shares of common stock outstanding during the year. Diluted earnings per share is computed on the basis of the weighted average number of common shares outstanding plus the effect of outstanding stock options using the "treasury stock method" and convertible debentures using the "if-converted" method. Common stock equivalents consist of stock options.

Revenue Recognition:

The Company recognizes sales upon shipment of merchandise. Net sales are comprised of gross sales less expected returns, trade discounts, customer allowances and various sales incentives. Although no legal right of return exists between the customer and the Company, it is an industry-wide practice to accept returns from customers. The Company, therefore, records a reserve for returns equal to its gross profit on its historical percentage of returns on its last five months sales.

Accounts Receivable:

Accounts receivable with credit balances have been included as a current liability in "Accounts payable and accrued liabilities" in the accompanying balance sheet.

The Company uses the allowance method to account for uncollectible accounts receivable. Accounts receivable are presented net of an allowance for doubtful accounts of \$849,520 and \$695,824 as of February 28, 2003 and November 30, 2002, respectively.

Shipping and Handling Costs:

The Company presents shipping and handling costs as part of selling, general and administrative expense and not as part of cost of sales. Freight costs were \$775,198 and \$486,853 for the three months ended February 28, 2003 and 2002, respectively.

Comprehensive Income:

The Company adopted SFAS #130, Comprehensive Income, which considers the Company's financial performance in that it includes all changes in equity during the period from transactions and events from non-owner sources.

Reclassifications

Certain prior year amounts have been reclassified to conform to the 2003 presentation.

**CCA INDUSTRIES, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 4 - INVENTORIES**

The components of inventory consist of the following:

	February 28, <u>2003</u>	November 30, <u>2002</u>
Raw materials	\$3,839,970	\$3,031,400
Finished goods	<u>1,337,443</u>	<u>711,731</u>
	<u>\$5,177,413</u>	<u>\$3,743,131</u>

At February 28, 2003 and November 30, 2002, the Company had a reserve for obsolescence of \$1,014,175 and \$976,788, respectively.

**NOTE 5 - PROPERTY AND EQUIPMENT**

The components of property and equipment consisted of the following:

	November 30, <u>2002</u>	February 28, <u>2003</u>
Machinery and equipment	\$ 102,393	\$ 97,003
Furniture and equipment	601,000	552,615
Transportation equipment	10,918	10,918
Tools, dies, and masters	274,326	213,188
Leasehold improvements	<u>231,676</u>	<u>222,646</u>
		1,220,313
1,096,370		
Less: Accumulated depreciation and amortization		<u>456,121</u>
<u>375,631</u>		
Property and Equipment - Net		<u>\$ 764,192</u>
<u>\$ 720,739</u>		

Depreciation expense for the three months ended February 28, 2003 and 2002 amounted to \$80,490 and \$82,003, respectively.

**NOTE 6 - INTANGIBLE ASSETS**

Intangible assets consist of the following:

November 30, <u>2003</u>	<u>2002</u>	February 28,
Patents and trademarks		\$757,209
\$756,548		
Less: Accumulated amortization		<u>191,135</u>
<u>179,134</u>		
Intangible Assets - Net		<u>\$566,074</u>
<u>\$577,414</u>		

Amortization expense for the three months ended February 28, 2003 and 2002 amounted to \$12,001 and \$11,943, respectively.

**CCA INDUSTRIES, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 7 - DEFERRED ADVERTISING**

In accordance with APB 28 Interim Financial Reporting the Company expenses its advertising and related costs proportionately over the interim periods based on its total expected costs per its various advertising programs. Consequently a deferral of \$1,075,178 is accordingly reflected in the balance sheet for the interim period. This deferral is the result of the Company's media and co-op budget for the year which contemplates lower spending in the 4th quarter than in the other three quarters.

The table below sets forth the calculation:

February <u>2002</u> (In Millions)	February <u>2003</u> (In Millions)
Media advertising budget for the fiscal year <u>\$8.00</u>	<u>\$7.00</u>
Pro-rata portion for three months \$1.75	\$2.00
Media advertising spent <u>1.38</u>	<u>2.01</u>
Accrual (deferral) <u>\$-.37</u>	<u>(\$0.01)</u>
Anticipated Co-op advertising commitments <u>\$5.00</u>	<u>\$4.00</u>
Pro-rata portion for three months \$1.00	\$1.25
Co-op advertising spent <u>1.78</u>	<u>2.31</u>
Accrual (deferral) <u>(\$0.78)</u>	<u>(\$1.06)</u>

**NOTE 8 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

The following items which exceeded 5% of total current liabilities are included in accounts payable and accrued liabilities as of:

	February 28, <u>2003</u> (In Thousands)	November 30, <u>2002</u> (In Thousands)
a) Vacation accrual	\$ *	\$ 320
a) Media advertising	1,987	*
b) Coop advertising	1,661	804
c) Accrued returns	831	878
d) Accrued bonuses	<u>*</u>	<u>467</u>
	<u>\$4,479</u>	<u>\$2,469</u>

\* under 5%

All other liabilities were for trade payables or individually did not exceed 5% of total current liabilities.

**CCA INDUSTRIES, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 9 - OTHER INCOME

Other income consists of the following at February 28:

	<u>2003</u>	<u>2002</u>
Interest and dividend income	\$131,157	\$71,709
Royalty income	15,745	16,051
Miscellaneous	<u>5,495</u>	<u>1,048</u>
	<u>\$152,397</u>	<u>\$88,808</u>

NOTE 10 - NOTES PAYABLE AND SUBORDINATED DEBENTURES

The Company has an available line of credit of \$7,000,000. Interest is calculated on the outstanding balance at prime minus 1% or Libor plus 150 basis points. The line of credit is collateralized by all the Company's assets. The Company was not utilizing their available credit line at February 28, 2003 or November 30, 2002.

On August 1, 2000, the Company repurchased (pursuant to a tender offer) 278,328 shares of its outstanding common stock by issuing subordinated debentures equal to \$2 per share, which accrue interest at 6% and are due to mature on August 1, 2005. The interest is payable semi-annually.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Litigation

The Company has been named as a defendant in 10 lawsuits alleging that the plaintiffs were injured as a result of their purchasing and ingesting a diet suppressant containing phenylpropanolamine (PPA), which the Company utilized as its active ingredient in its products prior to November 2000. The lawsuits brought against the Company are for unspecified amount of compensatory and exemplary damages.

The Company is insured for three of the 10 cases. CCA has not renewed the product liability policy covering possible additional lawsuits that might commence against the Company in connection with PPA. Outside counsel has advised CCA that as a general matter the PPA cases are defensible, and the Company plans to vigorously defend its positions. However, there can be no assurances the current PPA litigations will not have a material adverse effect on the Company's operations.

## Dividends

In January 2003, the Company announced its first dividend of \$0.12 per share payable to all holders of the Company's common stock, \$0.06 payable to shareholders of record on April 1, 2003 and \$0.06 payable to shareholders of record on November 1, 2003.

**CCA INDUSTRIES, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 12 - SHORT-TERM INVESTMENTS AND MARKETABLE SECURITIES**

Short-term investments and marketable securities, which consist of stock and various corporate and government obligations, are stated at market value. The Company has classified its investments as Available-for-Sale securities and considers as current assets those investments which will mature or are likely to be sold in the next fiscal year. The remaining investments are considered non-current assets. The cost and market values of the investments at February 28, 2003 and November 30, 2002 were as follows:

	<u>November 30, 2002</u>	<u>February 28, 2003</u>	
Current:	COST	MARKET	COST
MARKET			
Corporate obligations	\$ 1,776,900	\$ 1,793,734	\$2,066,040
	\$ 2,071,603		
Government obligations (including mortgage backed securities)	1,330,345	1,335,994	1,330,345
1,314,604			
Mutual Funds	<u>171,999</u>	<u>98,621</u>	<u>169,589</u>
93,337			
Total	<u>3,279,244</u>	<u>3,228,349</u>	<u>3,565,974</u>
3,479,544			
Non-Current:			
Corporate obligations	1,624,946	1,632,871	1,025,806
1,016,715			
Government obli- gations	4,667,549	4,701,515	4,867,627
4,848,293			
Preferred stock	829,495	854,148	751,645
758,510			
Other equity invest-			

ments	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
<u>100,000</u>			
Total	<u>7,221,990</u>	<u>7,288,534</u>	<u>6,745,078</u>
<u>6,723,518</u>			
Total	<u>\$10,501,234</u>	<u>\$10,516,883</u>	<u>\$10,311,052</u>
<u>\$10,203,062</u>			

CCA INDUSTRIES, INC. AND

SUBSIDIARIES

NOTES TO CONSOLIDATED

FINANCIAL STATEMENTS

NOTE 12 -SHORT-TERM INVESTMENTS AND MARKETABLE SECURITIES  
(CONTINUED)

The market value at February 28, 2003 was \$10,516,883 as compared to \$10,203,062 at November 30, 2002. The gross unrealized gains and losses were \$120,420 and (\$104,771) for February 28, 2003 and \$58,411 and (\$166,401) for November 30, 2002, respectively. The cost and market values of the investments at February 28, 2003 were as follows:

COL. A	COL. B		
COL. C	COL. D		
COL. E			
		Amount at Which	
Market	Each Portfolio	Number of	
Issues and Each	Of Equity Security Units-Principal	Value of	
Each Issue	Other Security	Amount of	
Name of Issuer and Cost of	Maturity	Interest	Bonds and
<u>Title of Each Issue</u>	<u>Date</u>	<u>Rate</u>	<u>Notes</u>
<u>Each Issue</u>	<u>Sheet Date</u>	<u>Balance Sheet</u>	
CORPORATE OBLIGATIONS:			
GMAC Smartnotes	10/15/03	4.600%	250,000
	\$ 250,000	\$ 253,018	\$ 253,018
GMAC Smartnotes	10/15/03	4.750	325,000
	325,000	326,333	326,333
GMAC Smartnotes	6/15/03	4.750	300,000
	300,000	302,010	302,010
GMAC Smartnotes	7/15/03	4.650	200,000
	200,000	201,614	201,614
GMAC Smartnotes	8/15/03	4.250	499,000
	499,000	502,902	502,902
GMAC Smartnotes	5/15/04	4.250	250,000

	250,000	253,080	253,080
GMAC Smartnotes	5/15/05	5.000	175,000
	175,000	177,375	177,375
GMAC Smartnotes	8/15/04	2.650	250,000
	250,000	247,183	247,183
Household Finance Corp. Internotes	5/15/04	4.250	250,000
	250,000	255,370	255,370
International Business Machines	9/22/03	5.370	100,000
	102,040	102,157	102,157
Colgate-Palmolive	12/1/03	5.270	100,000
	100,860	102,647	102,647
Ford Motor Credit	3/20/04	6.125	245,000
	249,946	250,535	250,535
CIT Group Inc.	1/15/06	4.000	200,000
	200,000	199,860	199,860
GE Capital Group Internotes	2/15/06	2.450	250,000
	<u>250,000</u>	<u>249,468</u>	<u>249,468</u>
	<u>3,401,846</u>	<u>3,426,605</u>	<u>3,426,605</u>

**CCA INDUSTRIES, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED**

**FINANCIAL STATEMENTS**

**NOTE 12 -SHORT-TERM INVESTMENTS AND MARKETABLE SECURITIES**  
**(CONTINUED)**

COL. A	COL. C COL. E	COL. B COL. D
	Amount at Which	
	Each Portfolio	
Market	Of Equity Security	Number of
Value of	Issues and Each	Units-Principal
	Other Security	Amount of
Each Issue	Maturity	Bonds and
Name of Issuer and	at Balance Sheet	Title of Each Issue
Cost of	Rate	Each Issue
<u>Date</u>	<u>Rate</u>	
<u>Sheet Date</u>	<u>Balance Sheet</u>	<u>Notes</u>
GOVERNMENT OBLIGATIONS:		
FHLB	9/15/03	5.125
	266,200	260,301
FHLMC	6/27/06	3.500
	200,000	201,188
FHLMC	11/15/17	4.250
	200,000	199,000
US Treasury Note	11/15/03	4.250
	199,891	202,208
US Treasury Note	11/15/03	4.250
	250,169	257,355
US Treasury Note	11/15/07	3.000
	249,922	254,387
FHLMC	2/27/12	4.000
	225,000	229,430
FNMA	9/15/04	3.500
	249,805	257,265
FHLMC	10/15/09	3.000
	250,000	250,313
FNMA Global	10/15/06	4.375
	199,559	213,562
FNMA	4/28/06	3.080
	250,000	250,548
FNMA	11/15/05	4.250
	200,000	200,974
FNMA	5/16/06	4.000
	200,000	200,876
FNMA	8/15/12	4.000
	250,000	255,158
FHLMC	2/7/05	2.375
	250,000	250,470
FHLMC	1/30/06	2.000
	250,000	250,235
Federal Home Loan Bank	8/8/06	3.375
		250,000

Tennessee Valley Authority	250,000	250,860	250,860
Power Bonds	5/1/29	6,500	26,000
	688,530	694,200	694,200
Tobacco Settlement Fin			
Corp. N	6/1/15	5,000	200,000
	198,500	193,152	193,152
NJ EDA Trans Sublease RV			
Lightrail 199A FSA	5/1/04	5,000	300,000
	317,444	313,533	313,533
Port Authority NY & NJ			
Cons 88 <sup>th</sup> SR BE	10/1/04	4,500	225,000
	238,789	236,376	236,376

CLOSED END MUNICIPAL BONDS/MUTUAL FUNDS:

Muniyield New Jersey Insd Frd Inc.			5,500
	81,350	82,885	82,885
Muniholdings New Jersey Insd FD Inc.			5,900
	79,896	83,603	83,603
Nuveen New Jersey Invt Quality Municipal Fund			5,200
	79,507	80,392	80,392
Nuveen New Jersey Prem Inc Municipal Fund			5,200
	78,639	80,860	80,860
Van Kamp Amer Cap Inv Gr NJ			4,800
	80,502	83,520	83,520
Blackrock New Jersey Municipal Inc.			5,000
	73,820	69,300	69,300
Eaton Vance New Jersey Municipal Inc.			4,600
	70,481	68,724	68,724
Nuveen New Jersey Dividend Advantage			4,700
	<u>69,890</u>	<u>66,834</u>	<u>66,834</u>

5,997,894

6,037,509

6,037,509

CCA INDUSTRIES, INC. AND

SUBSIDIARIES

NOTES TO CONSOLIDATED

FINANCIAL STATEMENTS

NOTE 12 -SHORT-TERM INVESTMENTS AND MARKETABLE SECURITIES  
(CONTINUED)

COL. A	COL. C COL. E	COL. B COL. D
Each Portfolio	Amount at Which	Number of
Market	Of Equity Security	Units-Principal
Value of	Issues and Each	Amount of
Each Issue	Other Security	Bonds and
Name of Issuer and	Maturity	Interest
Cost of	at Balance	Carried in
<u>Date</u>	<u>Rate</u>	<u>Title of Each Issue</u>
<u>Sheet Date</u>	<u>Balance Sheet</u>	<u>Each Issue</u>

EQUITY:

Preferred Stock:

Public Income NTS			
General Electric Cap Corp.	11/15/32	6.10%	14,800
	\$ 379,495	\$ 380,508	\$ 380,508
Merrill Lynch Trust	9/30/08	7.28	6,000
	150,000	160,140	160,140
Corporate Backed Trust			
Certificates For AIG			
Sun America	5/17/07	6.70	6,000
	150,000	156,900	156,900
Corporate Backed Trust			
Certificates For Bristol			
Myers Squibb	5/23/07	6.80	6,000
	<u>150,000</u>	<u>156,600</u>	<u>156,600</u>

	<u>829,495</u>	<u>854,148</u>	<u>854,148</u>
Other Equity Investments:			
Aberdeen Asia Pacific Income Fund	100,000	100,000	100,000
Dreyfus Premier Limited Term High Income CL B	<u>171,999</u>	<u>98,621</u>	14,975,341 <u>98,621</u>
	<u>271,999</u>	<u>198,621</u>	<u>198,621</u>
	<u>\$10,501,234</u>	<u>\$10,516,883</u>	<u>\$10,516,883</u>

## CCA INDUSTRIES, INC.

### MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

(UNAUDITED)

For the three month period ending February 28, 2003, the Company had revenues of \$12,515,182 and net income of \$573,626 after a provision for taxes of \$386,706. This represents a 22% and 91% increase in revenues and net income, respectively. Sales returns and allowances have decreased from 8.05% to 5.73%. Gross margins increased from 62.94% to 64.03%. Selling, general and administrative (SGA) expenses increased from \$3,736,324 to \$4,109,805. The Company has increased its staff as a result of its projected increased sales volume anticipated for fiscal 2003. For the three month period ended February 28, 2003, advertising, co-operative and promotional allowances increased to \$2,722,570 from \$2,263,526 for the quarter ended February 28, 2002. In addition, higher sales increased commissions and freight out for the current period.

Both advertising and co-op commitments have a material effect on the Company's operations. The Company attempts to anticipate its advertising and promotional commitments as a percentage of gross sales in order to control its effect on net income in accordance with APB Interim Financial Reporting. The Company expenses its advertising and related costs proportionately over the interim periods based on its total expected expenses for its various advertising programs. Consequently, a deferral of \$1,065,871 for co-op advertising expenses is reflected on the quarterly balance sheet. This deferral will be fully expensed by year-end. The deferral is primarily a result of the Company's current \$5,000,000 co-op advertising budget, which is predicated on substantially lower spending in the third and fourth quarters. Company commitments were \$2,009,307 for its media advertising for the current quarter of which \$9,307 were deferred.

Co-op advertising expense is accrued as budgeted in quarterly reports. The entire budgeted accrual has never been fully used by the Company's accounts as a result of merchandising changes and cancelled promotions. This year the Company estimated a \$5,000,000 budget in co-op advertising. Every year there have always been co-op-advertising accruals from the previous fiscal year, which ultimately are not utilized by the Company's customers. These previously accrued expenditures are credited against the subsequent year's co-op budget based upon the aging of the non-utilized co-op expenses.

For the period ended February 28, 2003, there was approximately \$1,000,000 of unclaimed co-op expenses accrued from the prior year. Based

upon the Company's experience, a portion of the accrual, \$250,000, was offset against the first quarter's co-op expenses. The balance (if any) will be offset over the rest of the fiscal year, as it becomes evident that they will not be utilized. This procedure is consistent with prior years' methodology with regard to the accrued co-op expenses.

The Company's financial position as at February 28, 2003 consists of current assets of \$20,142,680 and current liabilities of \$8,795,832, or a current ratio of 2.3:1. In addition, shareholders' equity increased from \$18,835,423 to \$19,526,917 primarily due to net income earned during the current quarter.

The Company's cash position decreased primarily due to the purchase of fixed assets and marketable securities (\$314,000) and the net effect of cash used in operations (\$317,000). The increase in accounts receivable is predominately due to large sales increases in the first quarter, and accounts payable increased primarily due to accruals for advertising. Research and development expenses were \$229,696.



**CCA INDUSTRIES, INC.**

**PART II OTHER INFORMATION**

Additional Exhibits

Certifications of Chief Executive Officer and Chief Financial Officer Pursuant to Title 18, United States Code, Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

All information pertaining to Part II is omitted pursuant to the instructions pertaining to that part.

The Company did not file any reports on Form 8-K during the three months ended February 28, 2003.



CCA INDUSTRIES, INC. AND SUBSIDIARIES  
 COMPUTATION OF EARNINGS PER SHARE  
 (UNAUDITED)

Ended	Three Months	
<u>2003</u>	February 28, <u>2002</u>	
<u>Item 6.</u>		
Weighted average shares outstanding - Basic		7,140,537
		7,045,557
Net effect of dilutive stock options--based on the treasury stock method using average market price		475,893 53,691
Weighted average shares outstanding - Diluted		7,616,430
	7,579,248	
Net income		\$573,626 \$300,063
Per share amount		
Basic		\$.08
\$.04		
Diluted		\$.08
		\$.04



## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

April 7, 2003

CCA INDUSTRIES, INC.

By:  
David Edell, President

By:  
Ira W. Berman, Secretary



CERTIFICATIONS

I, David Edell, certify that:

I have reviewed this quarterly report on Form 10-Q of CCA Industries, Inc.;

Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report.

April 7, 2003

/s/

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David Edell  
Chief Executive Officer

I, John Bingman, certify that;

I have reviewed this quarterly report on Form 10-Q of CCA Industries, Inc.;

SEQ AutoList3\_0 \\* Arabic \n1. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report.

April 7, 2003

/s/

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John Bingman  
Treasurer - Chief Financial Officer

I, Ira Berman, certify that;

I have reviewed this quarterly report on Form 10-Q of CCA Industries, Inc.;

SEQ AutoList3\_0 \\* Arabic \n2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report.

April 7, 2003

/s/

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Ira Berman  
Chairman and Secretary

